



PERCEPTIONS OF STAKEHOLDERS' REGARDING LOCATION OF CORPORATE SOCIAL RESPONSIBILITY DISCLOSURE IN INDIA

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ABSTRACT

A corporate is regarded as a social unit which conducts its activities within the society; therefore, it is alleged that corporate should fulfill its responsibilities towards society. Modern management approach has held that transparent economic and social progress should go hand in hand which led to the emergence of Corporate Social Reporting and Disclosure (CSRD). It provides better understanding on social activities of a business towards various stakeholders like employees, investors, consumers, government, suppliers, shareholders and the whole community which helps an entity to make cordial relationship with its stakeholders. Despite of increasing attention towards CSR in developed countries, the development of CSRD is very slow especially in the developing countries like India. There has been very diminutive work which has analyzed the perceptions of Indian stakeholders relating to social and environmental impacts. Thus, this paper aims at exploring the views and perceptions of different stakeholders relating to location of CSRD. The nature of study was empirical and source of data was primarily questionnaire. Based on the research outcomes, some recommendations are suggested in relation to corporate social reporting and disclosure practices in general and within Indian context in particular for future development of CSRD in developing economies like India.

KEYWORDS: Corporate Social Reporting Disclosure, Stakeholders' Perceptions.

1. INTRODUCTION

The epoch of globalization has revealed an amplified intention towards Corporate Social Responsibility. Traditional management approaches regarded the business unit as a robust economic engine which drives shareholders wealth. But modern management approach consider business organization as a social unit and holds that its activities are accountable towards the society therefore the objective of a business has shifted from profit maximizing approach to social responsibility approach. This concept led to the emergence of Corporate Social Reporting Disclosure (CSRD). Many initiatives are being taken at international level regarding Corporate Social Reporting Disclosure such as triple bottom line reporting, global reporting initiatives. It has been observed that unfortunately despite of enhancement in attention towards CSRD at world level, the development of CSRD is very slow especially in the developing countries like India. Moreover most of the studies found in existing literature on this context are related to developed countries and have been done on specific sector. In order to fill this gap the current study has been conducted to explore the views and perceptions of different stakeholders relating to location of CSRD.

2. OBJECTIVES OF THE STUDY

This empirical study is concerned predominantly with an attempt to explore the views and perceptions of different stakeholders relating to location of Corporate Social Reporting Disclosure.

3. REVIEW OF LITERATURE AND JUSTIFICATION OF RESEARCH

For reviewing the literature related to corporate social reporting and disclosure practices categorization has been done into Pre Economic Liberalization (period before 1990) and Post Economic liberalization (period after 1990).

3.1 Pre-Economic Liberalization Literature: (Period before 1990)

It was the time when subject was originated and studies were not focused. The attempts were made to develop the theoretical models. Linowes, [1968] first created the term 'socio-economic accounting' in order to emphasize the sociological, political and economic aspects of accounting that had a considerably broaden the scope than conventional accounting paradigm. In 1973 Marlin found relationship of social accounting with pollution accounting. Rabun and Williams (1974) instituted the relationship of social accounting with role of accountant. The term phantasmagoria accounting, has emerged as the result of research conducted by Jensen (1976) where phantasmagorical signifies "a constantly shifting, complex succession of things seen or imagined." In 1976 Ramanathan emphasized the concepts essential for accounting. A social transaction, a social overhead, social income, social constituents, social equity, and net social asset. The main researchers of during 1980-1990 were –Dickers and Antal 1985, Glatzer 1981, Guthrie and Parker 1989, Heard & Burchell 1980 and Meyer 1986.

3.2 Post Economic Liberalization Literature: (Period after 1990)

In 1990, Guthrie and Parker proposed political economy theories which asserts that corporations respond in a better way when government or public put pressure on them for producing information about their social impact. Panda (1991) propounded that the challenge to bring in practicability in social accounting still remains unaccomplished job before the academics and practising accountant.

Tilt 1994, discussed corporate environmental and social disclosure practices within the theoretical framework of legitimacy. Lavers (1995) asserted economy theory believed that the economic takes place within political, social and institutional framework. Hegde (1997) conducted a micro level study on Corporate Social Disclosures in India on SAIL found that company has disclosed social balance sheet and social income statement. Deegan (2002) added that if the companies are part of a broader system, the perspectives provided by legitimacy theory indicate that companies are not considered to have any inherent right to resources to exist. Douglas (2004) concluded that a company functioning in a more developed country is likely to report more comprehensively in the developed country than in the lesser developed countries in which it functions. Smith, Adhikari, & Tondkar (2005) found that companies from stronger emphasis country in social issues had a stakeholder orientation which provides more information and higher levels of corporate social responsibility in their annual reports than companies from weaker emphasis countries on social issues. Raman in 2006 by analysing annual reports of top 50 companies in India found that the nature and extent of disclosure was varied, and companies give large emphasises on products and services and community involvement. Silberhorn & Warren (2007) instituted that corporate social responsibility is now presented as a comprehensive business strategy, erasing mainly from performance considerations and stakeholder pressure. In another study sector specific study was conducted by Vijaya Murthy (2008) on 16 top software firms in India concluded that in annual reports human resource category was most commonly reported attributes followed by community development activities but environmental activities were least reported.

Sharma (2011) conducted a research study on the initiatives taken by Indian companies to determine their responsibilities towards different stakeholders and found that most companies spent little towards social responsibility. Kadrolkar (2011) discussed in detail about CSR and how it is linked with sustainable development. In addition to these he illustrated the CSR practices in developing countries. Oza (2012) discussed how the sustainability reporting frameworks helps the top management to report strategic management for sustainable development of business enterprise taking sample of four Indian companies.

The studies referred above are mostly made during pre-economic liberalization period because of which they are losing importance in the current environment. The findings of the study will enrich a valuable resource in existing literature in context of India

4. RESEARCH METHODOLOGY

The nature of study is empirical research and source of data is was primarily questionnaire. A total of 400 questionnaires are delivered to four groups of respondents and collected back. The four groups of respondents represent – academicians, investors, government officials and financial managers. With the aim of exploring the views and perceptions of different stakeholders relating to location of Corporate Social Reporting Disclosure a list of different possible locations are constructed which is shown in Table 1.

Table 1: Location of Corporate Social Reporting and disclosure

No.	Locations
1	Separate Sections in annual reports
2	Separate Booklet along with annual reports
3	Consolidated with Other sections in annual reports
4	In director reports in annual reports

5. RESULTS AND DISCUSSIONS

A list of possible location of corporate social reporting and disclosure was presented to the four respondents groups. They were asked to choose which location they think is the best for Corporate social reporting and disclosure.

Table 2: Location of Corporate Social Reporting and disclosure

Approach		Separate Sections in annual reports	Separate Booklet along with annual reports	Consolidated with Other sections in annual reports	In director reports in annual reports	Total
Groups						
Academician N= 100	Frequency	26	48	13	13	100
	Percent	26	48	13	13	100
Investors N=100	Frequency	27	45	18	10	100
	Percent	27	45	18	10	100
Govt. Officials N=100	Frequency	25	34	20	21	100
	Percent	25	34	20	21	100
Fin. Managers N=100	Frequency	20	48	18	14	100
	Percent	20	48	18	14	100
Total N=400	Frequency	98	175	69	58	400
	Percent	24.50	43.5	17.25	14.50	

An analysis of responses of participants is represented in Table 2. This table shows that 43.75 % of respondents prefer there should separate booklet along with the annual report for corporate social reporting and disclosure .24.50% of respondent agreed with the proposition suggesting that the separate section in the annual reports should be the possible location for corporate social reporting and disclosure. 17.25 % of respondents showed inclination towards consolidation of the corporate social reporting and disclosure with other sections of the annual reports. 14.50 % of respondent perceived to use director's report for corporate social reporting and disclosure. It seems, therefore, that vast majority of all groups were willing to accept the separate booklet for CSRD along with annual reports as most preferred location for corporate social reporting and disclosure.

5. CONCLUSION AND SUGGESTIONS:

Location of CSRD seems to have received modest attention from the different stakeholders of Indian. The analysis has uncovered the fact that nearly half of the respondents from all groups are inclined agreed with the proposition to locate of corporate social reporting and disclosure in separate booklet along with the company's annual report. Therefore, on the basis of above findings it is suggested that in order to improve the awareness and importance of corporate social reporting and disclosure, Indian companies should be encouraged to publish their annual reports for the wider set of stakeholders including consumers, employees, local communities and even society at large not only for them who are associated with company for their financial interest. Secondly, it CSRD should be located in the separate booklet along with annual reports.

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QUESTIONNAIRE

NAME:

AGE:

PROFESSION:

PLACE OF WORKING:

NO. OF YEARS EXPERIENCE;

IN THE FIELD OF FINANCING/ ACCOUNTING

There are several suggestions regarding locations of CSRD in annual reports of Indian companies. Tick your preferred option. Tick your preferred option.

- a. Separate sections in annual reports ☐
- b. Separate booklet along with annual reports ☐
- c. Consolidated with other sections in annual reports ☐
- d. In director reports in annual reports ☐